

**2/2/77 [2]**

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THE WHITE HOUSE  
WASHINGTON

February 2, 1977

Jody Powell -

The attached was returned in  
the President's outbox. It is  
forwarded to you for appropriate  
handling.

Rick Hutcheson

cc Tim Kraft

*Trude Feldman*

MEMORANDUM

THE WHITE HOUSE  
WASHINGTON

January 31, 1977

TO : The President  
FROM: Jody Powell *JPP*  
RE : McCall's Article on Mrs. Carter

*Jody -  
Let Trude see  
me for a tight  
15 minutes.*

*I  
(I'm still looking for  
a CIA director)*

My friend, mentor and confidante Trude Feldman is doing a piece on Rosalynn for McCall's. This is a cover piece and will be the lead piece in the issue which names Rosalynn as Woman of the Year. There will also be a separate article in the same edition on Rosalynn's mother. I have no doubt that both articles will be highly favorable.

Trude would like to have a comment or two from you about Rosalynn and about Miss Allie. She says she only needs about five minutes, but from past experience, I know that it would be almost impossible to get her out of the office in five minutes. However, she has always done favorable pieces on you, and it is important that we keep giving her something every now and then.

Therefore, I suggest that you give her a call at your convenience but prior to February 12. She may be reached at 638-9731 (office) or 737-3586 (home).

JLP:cs

2025 RELEASE UNDER E.O. 14176

THE WHITE HOUSE  
WASHINGTON

February 2, 1977

Stu Eizenstat -

The original signed Executive Order has been forwarded to Bob Linder for processing.

The attached is for your information.

The Executive Order was signed by the President on 1/31/77.

Rick Hutcheson

*Executive Order -  
Withholding of DC,  
State, & City Income  
on Employment  
Taxed*

Trudy

Pres signed Exec

Order 1-31-77

cc Stu

THE  
W  
3E

Mr. President:

Comment on the attached from Stu:

"I have run this by Bob Ginsburg, the economist-tax man on our Domestic Policy Staff, and I have reviewed this myself.

"Since this merely extends withholding to military personnel (other federal employees are already being covered), I see no problem in it and concur that it be signed."

Jack and Bob Lipshutz agree.

THIS EXECUTIVE ORDER MUST BE SIGNED TONIGHT. It was received by my office late this afternoon.

Rick Hutcheson

USE  
N

2-1-77

Mr. President:

You signed an Executive Order last night, but asked me to hold it until you received more information on the Order.

Stu's additional information is attached.

My office received the Order late yesterday afternoon. We have talked with the official at Justice regarding the late submission of the Order to the President.

Rick Hutcheson

THE WHITE HOUSE

WASHINGTON

February 1, 1977

*ok - I  
now understand it  
J*

MEMORANDUM FOR: THE PRESIDENT

FROM: STU EIZENSTAT *Stu*

SUBJECT: Executive Order Entitled "Withholding of District of Columbia, State and City Income or Employment Taxes"

This memorandum provides the additional information you requested about the above-designated Executive Order. You should know that we received the Executive Order from the Department of Justice less than two hours before you were required to sign it. The principal reason for this inadequate notice was that the Department of the Treasury submitted the original draft of the Executive Order to the other concerned agencies (OMB and Justice) just a week ago. Rick Hutcheson and I will try to work with the departments and agencies to make sure that we are given more adequate notice in the future.

1. Pursuant to Federal statutes and implementing Executive Orders issued in 1952, 1956, and 1975, the Secretary of the Treasury has been authorized to enter into agreements with states, cities, and the District of Columbia to provide that Federal agencies withhold from the paychecks of Federal employees (except members of the Armed Forces) the local taxes of those jurisdictions. In this manner, Federal employees are treated like other employees whose employers withhold local taxes from their paychecks. The withholding ensures that the local jurisdictions receive the taxes due them and that the employees do not wind up with large, unexpected tax bills at the end of the year.

2. The Tax Reform Act of 1976 extended this authority for the first time to include withholding of local taxes from the compensation of members of the Armed Forces.

3. The Executive Order which you signed yesterday merely implemented the new authority to withhold local taxes of members of the Armed Forces and consolidated and replaced the three existing Executive Orders (otherwise each would have had to have been separately amended).

4. The Executive Order which you signed was originally submitted by the Department of the Treasury (which had coordinated its drafting of the Executive Order with the Department of Defense) and was approved by OMB and the Department of Justice.



Office of the Attorney General  
Washington, D. C. 20530

JAN 28 1977

The President,

The White House.

My dear Mr. President:

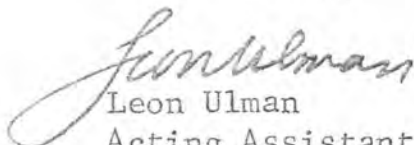
I am herewith transmitting a proposed Executive order entitled "Withholding of District of Columbia, State and City Income or Employment Taxes."

This proposed order was submitted by the Department of the Treasury and has been forwarded for the consideration of this Department as to form and legality by the Office of Management and Budget with the approval of the Director, after revision in that agency. Certain clarifying changes in the order have been made in this Department.

The Office of Management and Budget has requested that the proposed order be promptly submitted for your consideration so that it may be issued by January 31, 1977, in order to meet certain statutory time limits.

The proposed Executive order is approved as to form and legality.

Respectfully,



Leon Ulman  
Acting Assistant Attorney General  
Office of Legal Counsel

JAN 28 1977

MEMORANDUM

Re: Proposed Executive order entitled  
'Withholding of District of Columbia, State and  
City Income or Employment Taxes'

The attached proposed Executive order was submitted by the Department of the Treasury and has been forwarded for the consideration of this Department as to form and legality by the Office of Management and Budget with the approval of the Director, after revision in that agency. Certain clarifying changes in the order have been made in this Department.

Sections 5516, 5517, and 5520 of title 5, United States Code, authorize the Secretary of the Treasury, under regulations prescribed by the President, to enter into agreements with the District of Columbia, states and cities, respectively, for withholding of District of Columbia, state and city income or employment taxes from Federal employees' pay checks. Section 1207 of the Tax Reform Act of 1976 (Public Law 94-455, 90 Stat. 1704) amended sections 5516 and 5517 to authorize withholding of District of Columbia and state taxes from members of the Armed Forces as well as Federal civilian employees.

This proposed order would consolidate and replace the three existing Executive orders relating to withholding of taxes by Federal agencies (Executive Order Nos. 10407, 10672, and 11863) and would implement the authority to withhold taxes of members of the Armed Forces contained in the 1976 amendments.

The order would require the Secretary of the Treasury to ensure that each agreement with a state or local government is consistent with the provisions of 5 U.S.C. 5516, 5517 and 5520, and would authorize him to prescribe additional regulations to implement these statutes. In addition to the cited provisions of title 5, United States Code, authority for the order is based



in part on 3 U.S.C. 301, the general authority of the President to delegate functions.

The OMB transmittal letter urges that the proposed order be promptly submitted for the President's consideration so that it may be issued no later than January 31, 1977, in order to meet the 120 day time limit under the statutes for entering into agreements requested by the states or the D.C. Government pursuant to the 1976 amendments.

A draft press release concerning the order is attached to the Department of the Treasury transmittal letter.

The proposed Executive order is acceptable as to form and legality.

Leon Ulman  
Acting Assistant Attorney General  
Office of Legal Counsel

EXECUTIVE ORDER

- - - - -

WITHHOLDING OF DISTRICT OF COLUMBIA, STATE  
AND CITY INCOME OR EMPLOYMENT TAXES

By virtue of the authority vested in me by Sections 5516, 5517 and 5520 of Title 5 of the United States Code, and Section 301 of Title 3 of the United States Code, and as President of the United States of America, it is hereby ordered as follows:

Section 1. Whenever the Secretary of the Treasury enters into an agreement pursuant to Sections 5516, 5517, or 5520 of Title 5 of the United States Code, with the District of Columbia, a State, or a city, as the case may be, with regard to the withholding, by an agency of the United States, hereinafter referred to as an agency, of income or employment taxes from the pay of Federal employees or members of the Armed Forces, the Secretary of the Treasury shall ensure that each agreement is consistent with those sections and regulations, including this Order, issued thereunder.

Sec. 2. Each agreement shall provide (a) when tax withholding shall begin, (b) that the head of an agency may rely on the withholding certificate of an employee or a member of the Armed Forces in withholding taxes, (c) that the method for calculating the amount to be withheld for District of Columbia, State or city income or employment taxes shall produce approximately the tax required to be withheld by the District of Columbia or State law, or city ordinance, whichever is applicable, and (d) that procedures for the withholding, filing of returns, and payment of the

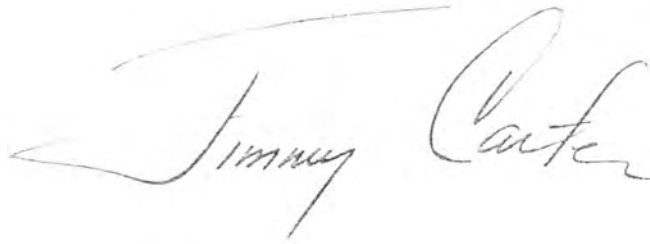
withheld taxes to the District of Columbia, State or city shall conform to the usual fiscal practices of agencies. Any agreement affecting members of the Armed Forces shall also provide that the head of an agency may rely on the certificate of legal residence of a member of the Armed Forces in determining his or her residence for tax withholding purposes. No agreement shall require the collection by an agency of delinquent tax liabilities of an employee or a member of the Armed Forces.

Sec. 3. The head of each agency shall designate, or provide for the designation of, the officers or employees whose duty it shall be to withhold taxes, file required returns, and direct payment of the taxes withheld, in accordance with this Order, any regulations prescribed by the Secretary of the Treasury, and the applicable agreement.

Sec. 4. The Secretary of the Treasury is authorized to prescribe additional regulations to implement Sections 5516, 5517, and 5520 of Title 5 of the United States Code, and this Order.

Sec. 5. Executive Order Nos. 10407 of November 6, 1952, 10672 of July 9, 1956, and 11863 of June 12, 1975, are hereby revoked. However, all actions heretofore taken by the President or his delegates in respect of the matters affected by this Order and in force at the time of the issuance of this Order, including any regulations prescribed or approved by the President or his delegates in respect of such matters and any existing agreements approved by his delegates, shall, except as they may be inconsistent with the provisions of this Order, remain in effect until amended,

modified, or revoked pursuant to the authority conferred by this Order, unless sooner terminated by operation of law.

A handwritten signature in cursive script, reading "Jimmy Carter". The signature is written in dark ink and is centered on the page.

THE WHITE HOUSE

*January 31* , 1977

THE WHITE HOUSE  
WASHINGTON

February 2, 1977

Hamilton Jordan

The attached is forwarded to you  
for your information.

Rick Hutcheson

*Business Men +*  
*DNB*

THE WHITE HOUSE  
WASHINGTON

Copy to Ham  
info

THE PRESIDENT HAS SEEN.

DRAFT - 1/31/77

PREMISE I

Businessmen (particularly those related to small-to-middle sized businesses), professional managers, and others committed to the free market system, to fiscal responsibility in government, and to simplification of governmental processes in relationship to the private sector (hereinafter, for convenience, called "businessmen") today and in general:

- A. feel estranged from the ranks of the National Democratic Party; and
- B. doubt their ability to communicate their views, in any effective way, either to the party or to the current administration.

PREMISE II

It is important to the country, to the Democratic Party, to President Carter's administration, and to the 1980 campaign:

- A. to increase participation of businessmen in the processes of the Democratic Party; and
- B. to establish a system by which a broader range of meaningful general or public interest -- as distinguished from special interest -- dialogue might occur between businessmen and representatives of the Carter administration.

PREMISE III

The National Democratic Party needs to raise a minimum of \$20,000,000 during the next four years, to be applied as follows:

- A. to repay all existing debts of the Democratic National Committee \$ 4,000,000\*

B.	to finance activities of the Party through the 1980 National Convention	\$12,000,000*
C.	to assist in the 1980 campaign	<u>4,000,000*</u>
	Total	<u>\$20,000,000</u>

\*All amounts are approximate.

#### PREMISE IV

Political fund raising too frequently in the past has tended to appeal to the baser instincts of potential contributors. Special interest groups -- whether political action committees of industry, labor unions, Israel support committees, Common Cause or otherwise -- obviously have their place in the total political process. But no party or candidate should rely exclusively or even primarily on these sources for financial support.

#### PREMISE V

Within the country, there are a vast number of businessmen who -- without any regard to their special or particular personal interests -- could be motivated to political involvement and to financial support of the Democratic Party through a system which would afford them an opportunity to communicate (in a manner believed by them to be effective) their general concerns for and convictions regarding the country, the economy and the policies of the Carter administration.

#### PREMISE VI

Finding, motivating and organizing 1,000 such men affords the opportunity to:

- A. significantly broaden President Carter's base of support within the business community;
- B. assist the administration in the evolution of its economic policies, by opening a new dimension of general dialogue with a broad sector of the business community; and
- C. finance the activities of the Democratic Party during the next four years.



---oOo---

The purpose of this memorandum is to suggest a means by which the objectives stated in the foregoing premises might be achieved. The suggestion -- in broad outline -- is as follows:

FIRST

The Concept

As in the case of any major task, organization for execution of the undertaking to raise requisite funds for the Democratic Party must begin with a definition of the total requirement. For the purpose of this memorandum, that requirement is assumed to be:

<u>Year</u>	<u>Amount</u>
1977	\$ 5,000,000
1978	5,000,000
1979	5,000,000
1980	<u>5,000,000</u>
Total	<u>\$20,000,000</u>

The concept, in brief, involves the subdivision of the total task into 1,000 parts. Each such part (or responsibility for raising \$5,000 per year during each of the next four years) then is to be assigned to a single individual to be recruited and motivated as suggested in Premise VI and in the following sections of this memorandum.

Each participant, as he is enlisted in the effort, will be encouraged to generate his annual contributions from a number of contributors, the hope being that each will involve at least five contributors in reaching his or her annual total of \$5,000. If this average is achieved, then those involved in the total effort would increase to 5,000, thereby broadening still further the political impact of the fund raising effort.

Such a structure, properly constituted and motivated, would materially upgrade the nature of political fund raising, would reduce or eliminate dependence on "special interest funding," and potentially could establish the soundest financial base for the Democratic Party in its history.

## SECOND

### The President's Response to the Concept

Successful execution of the concept depends on a number of factors, the first and most important of which involves a determination of President Carter's response to the approach.

To establish the structure -- i.e., to recruit the 1,000 participants -- a means must be provided by which it might be clearly demonstrated that:

- i) President Carter views the business community as a vital part of his national constituency;
- ii) the President and others on his staff and in his administration (e.g., Secretaries Blumenthal, Brown, Kreps, Harris and Califano, Bert Lance, Charles Schultze, Hamilton Jordan and Frank Moore) are genuinely interested in and reasonably responsive to the views and general concerns of businessmen; and
- iii) President Carter is personally interested in the Democratic Party, in achieving for the Party a sound financial base, and in the participants' involvement in the proposed financial campaign.

These attitudes could be communicated through a minimum utilization of the President's time and through coordinated and reasonable use of others in the administration to meet periodically with businessmen who will be participating in the financial effort.

Specifically, it is suggested that initially the following support would be necessary:

- 1) After reviewing this memorandum, President Carter, if he agrees with the concept and the stated objectives, should so advise the Chairman and Treasurer of the Democratic National Committee.
- 2) To assist in the task of recruiting the 1,000 participants -- which obviously is the most difficult part of the task -- it is suggested that a 100-member executive committee of the Democratic Finance Council be recruited, and that each member of this committee be invited to have breakfast (on

one of four occasions) <sup>in D.C.</sup> at the White House with the President and Hamilton Jordan. Perhaps Hamilton Jordan should host the functions, thereby leaving the President free to drop by for 15 minutes or so to express his interest in the project and his appreciation of the support of those in attendance. Each of the four breakfasts would be for 25 executive committee members, and each person attending would be asked to assume the responsibility for:

- a) recruiting nine other people to serve as members of the finance council and, in that capacity, to raise \$5,000 per year for the party during each of the next four years; and
  - b) to monitor and motivate the performance of the task by each of the nine throughout the next four years.
- 3) The Finance Chairman and the Treasurer of the DNC should be encouraged to invite, within limits to be defined by the President, selected participants to attend various White House functions, with a view to deepening the sense of involvement of businessmen in the programs, policies and destiny of the Carter administration.
  - 4) During the next four years, each of the 1,000 participants should be accorded the opportunity to attend with his or her spouse at least one function at which (a) no more than 500 guests would be in attendance, and (b) the President and Mrs. Carter would be among the guests. This might involve four specific functions in Washington designed exclusively for the indicated purpose.
  - 5) Others in the administration should be encouraged to work with the Finance Chairman in establishing appropriate and effective lines of communication between the Carter administration and the business community (Messrs. Lance, Blumenthal, Schultze, Jordan and Moore, and Mrs. Harris and Mrs. Kreps can be particularly helpful in this regard).

THE WHITE HOUSE  
WASHINGTON

Mr. President:

The checklist you requested  
on the Presidential  
Appointments Process.

Rick Hutcheson

*ok - if approved  
by Cabinet Officers -  
Was it?  
J*

ELECTROSTATIC REPRODUCTION MADE FOR  
PRESERVATION PURPOSES

Bill Simon advised action taken on  
this.

Trudy Fry 2/2/77

~~THE PRESIDENT HAS SEEN.~~  
THE WHITE HOUSE  
WASHINGTON

PRESIDENTIAL APPOINTMENTS PROCESS

	<u>Person</u>	<u>Action</u>
1.	Jim King	Provides every Department with complete package of forms to be completed by all prospective presidential nominees:  a. General Biographical Info b. Form 86 (FBI check) c. IRS Form d. Education consent letter e. Executive Conflict of Interest Form (for Executive Level positions) f. Reasons for the proposed appointment
2.	Department Secretary	Sends to Hamilton Jordan the completed forms for the proposed nominee
3.	Hamilton Jordan	Jordan gives political clearance to proposed nominees, and forwards all forms to Jim King
3A.	Hamilton Jordan	In the case of sub-Cabinet appointments and appointments to major regulatory boards or commissions, Jordan will present the name to the President for tentative approval at this point
4.	Jim King	Commences all appropriate checks with the forms forwarded by the Secretary to Jordan  a. FBI, IRS, Conflict of Interest b. Frank Moore - Congressional check  (Cabinet Secretaries will do their own checks for subcabinet appointments)  c. Information copies to: Powell, Eizenstat, Watson, Hutcheson, Moe

5. FBI  
IRS  
Frank Moore As checks are completed, Jim  
Jim King is informed
6. Jim King When checks are complete,  
nomination papers are forwarded  
through Rick Hutcheson to  
Hamilton Jordan
7. Hamilton  
Jordan Nomination is presented to the  
President for his approval  
or disapproval; his signature  
is obtained; nomination is sent  
to the Hill

THE PRESIDENT WAS SEEN.

First Meeting  
of  
the Indo-US  
Joint Business Council

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New Delhi - February 2-4, 1976



Feb 15-17  
2/2/76 -  
Fritz -  
info from  
O. Freeman  
J



THE WHITE HOUSE  
WASHINGTON

MEMORANDUM FOR: THE PRESIDENT  
THRU: RICK HUTCHESON  
STU EIZENSTAT  
FROM: LYNN DAFT  
SUBJECT: RECOMMENDATION FOR AN EMERGENCY  
DECLARATION - OHIO

ok  
Stu -  
Apparently you  
use blotter  
paper

Governor Rhodes of Ohio has requested a major disaster declaration under the Disaster Relief Act because of the impact of an abnormal accumulation of snow and ice resulting from recent blizzards and snowstorms.

Winter storm and blizzard conditions beginning on January 27 have dumped heavy snows throughout the State. Gale force winds and record low temperatures have further exacerbated the situation. Governor Rhodes reported that transportation, industry, and retail business in the State are at a standstill until roads can be cleared. Over 200 major roads are reported to be blocked. Rural areas are largely isolated, making the transportation of food stocks to stores and fuel to homes in these areas nearly impossible. Substantial quantities of milk are reportedly being dumped by farmers, due to the absence of pick-up services.

Members of the Federal Disaster Assistance Administration (FDAA) Regional Office staff in Chicago have been working closely with State officials to determine the requirements for Federal assistance. The most urgent need at this time is the protection of public health and safety by accelerating snow removal efforts to open transportation arteries in order to relieve critical problems. It is estimated that it will take the State two to four weeks to clear all major highways under present conditions. Federal assistance, which can be provided through the Federal Highway Administration and the U. S. Army Corps of Engineers, can substantially reduce the time required for snow removal in critical areas. It is estimated that the cost will be in the range of \$2-3 million.

On the basis of their investigation, the FDAA concludes that this situation is beyond the effective response capabilities of the State and local governments. They are not satisfied, however, that a major disaster declaration is required. So as to not interfere with the provision of emergency assistance to protect the public health and safety, the FDAA, with the concurrence of Secretary Harris, recommends that you declare an emergency for the State of Ohio. This would be consistent with the declarations already made for New York, Pennsylvania, and Indiana. In the meantime, the FDAA will continue to monitor the situation to determine if further assistance will be required under a major disaster declaration.

I recommend that you grant the requested aid by declaring an emergency for the State of Ohio. This can be done by signing the attached documentation at the place indicated. As in the earlier declarations, we have requested regular progress reports which we are now receiving on a daily basis.

I also recommend that, as soon as you make a decision, Frank Moore and Jack Watson be informed before a public announcement so that the appropriate Congressional and State officials can be notified.

to stu eizenstat

THE WHITE HOUSE  
WASHINGTON

*Susan -  
letype "1" return  
this copy to  
Sta  
J*

Dear Madam Secretary:

I have determined that the impact of an abnormal accumulation of snow and ice resulting from a series of blizzards and snowstorms in the State of Ohio is of sufficient severity and magnitude to warrant a declaration of an emergency under Public Law 93-288. I therefore declare that such an emergency exists in the State of Ohio.

The purpose of this declaration is to provide Federal aid for the opening of vital transportation arteries, the provision of public health services, the reopening of blocked supply routes to educational, governmental, commercial and industrial establishments, and such other emergency assistance as may be required to protect public health and safety.

In order to provide Federal assistance, you are hereby authorized to allocate, from funds available for these purposes, such amounts as are necessary to provide Federal disaster assistance authorized by law and by this declaration.

I expect regular reports on progress made in meeting the effects of this emergency, the extent of Federal assistance already made available, and a current projection of additional assistance required.

Sincerely,

*Jimmy Carter*

Honorable Patricia Roberts Harris  
Secretary of Housing and  
Urban Development  
Washington, D.C. 20410

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ADMINISTRATIVE PURPOSES

PHW.

—

2/2/17

THE WHITE HOUSE  
WASHINGTON

File

DRAFT  
JFallows 2/2/77

THE PRESIDENT HAS SEEN.

FIRESIDE CHAT

Good evening.

Tomorrow will be two weeks since I became President.

I've spent a lot of time deciding how I can be a good President. This talk, which the broadcast networks have agreed to bring to you, is one of several steps I will take to keep in close touch with the people of our country, and to let you know informally about our plans for the coming months.

When I was running for President, I made a number of commitments.

I take them very seriously. I believe they were the reason I was elected.

I want you to know that I intend to carry them out.

As you probably <sup>noticed</sup> ~~know~~, I have already acted on several of my promises.

I will report to you from time to time about our government -- both our problems and our achievements, but tonight I want to tell you how I plan to carry out <sup>some</sup> ~~the rest~~ <sup>other</sup> of my commitments.

Some of our obvious goals can be achieved very quickly -- for example, through Executive Orders and ~~other~~ decisions made directly by me. But in many other areas we must move carefully, with full involvement by the Congress, allowing time for citizens to participate in careful study, in order to develop predictable, long range programs that we are sure we can afford and that we know will work.

Some of these efforts will also require dedication -- perhaps even some sacrifice -- from you. <sup>But</sup> I don't believe that any of us are afraid to learn that our national goals require cooperation and mutual effort.

One of our most urgent projects is to develop a national energy policy.

As I pointed out during the campaign, the United States is the only major industrial country without a comprehensive long range energy policy.

The extremely cold weather this winter has dangerously depleted our supplies of natural gas and fuel oil and forced hundreds of thousands of workers off the job. I congratulate the Congress for its quick action on the Emergency Natural Gas Act which was passed today and signed this evening.

But the real problem -- our failure to plan for the future or to take energy conservation seriously -- started long before this winter and will take much longer to solve. I realize that many of you have not believed that we really have an energy problem. But this winter has made us all realize that we have to act.

Congress has already made many of the preparations for energy legislation. Presidential assistant Dr. James Schlesinger is beginning to direct an effort to develop a national energy



policy. Many groups of Americans will be involved. On April 20, we will have completed the planning for our energy program and will then ask the Congress for its help in enacting comprehensive responsible legislation.

Our program will emphasize conservation. The amount of energy now being wasted which could be saved is greater than the total energy we are importing from foreign countries. We will also stress development of our rich coal reserves in an environmentally-sound way; emphasize research on solar energy and other renewable energy sources; and maintain strict safeguards on necessary atomic energy production.

The responsibility for setting energy policy is now split among more than fifty different agencies, departments, and bureaus. Later this month, I will ask the Congress for its help in combining <sup>many of</sup> these agencies in a new energy Department to bring order out of this chaos. Congressional leaders have already been working on this for quite a while.

We must face the fact that the energy shortage is permanent. There is no way we can solve it quickly.


But if we all cooperate and make modest sacrifices, if we learn to live thriftily and remember the importance of helping our neighbors, then we can find ways to adjust, and to make our society more efficient and our lives more enjoyable and productive. Utility companies must promote conservation and not consumption. Oil and natural gas companies must be honest with the people about their reserves and profits. We will find out the difference between real shortages and artificial ones. We will ask private companies to sacrifice, just as private citizens must do.

All of us must learn to waste less energy. Simply by keeping our thermostats at 65 degrees in the daytime and 55 degrees at night we could save half the current shortage of natural gas.

There is no way that I, or anyone else in the government, can solve our energy problems if you are not willing to help.

I know we can meet this energy challenge if the burden is borne fairly among all our people -- and if we realize that in order to solve our energy problems we need not sacrifice the quality of our lives.

The Congress has made great progress toward responsible strip-mining legislation, so that we can produce more energy without unnecessary destruction of our land. My administration will support these efforts this year. We will also ask Congress for its help with legislation which will reduce the risk of future oil-tanker spills and help deal with those that do occur.



I also stated during my campaign that our administration would do everything possible to restore a healthy American economy.

Our Nation was built on the principle of work, not welfare -- productivity, not stagnation.

But I took office in the middle of the worst economic slowdown of the last forty years.

More than seven and a half million people who want work cannot find it. Because of high unemployment and idle factories the average American family has been losing \$1800 a year in income, and many billions have been added to the federal deficit.

Also, inflation hurts us all. In every part of the country, whether we have a job or are looking for one, we must race just to keep up with the constant rise in prices.

Inflation has hit us hardest not in luxuries but in the essentials -- food, energy, health, and housing. You see it every time you go shopping. I understand that unemployment and inflation are very real, and have done great harm to many American families.

Nothing makes it harder to <sup>provide</sup>~~achieve~~ decent health,  
housing, and education for our people, protect our environment,  
or realize our goal of a balanced budget, than a stagnant economy.

As soon as I was elected, the leaders of the Congress and  
my own advisors began to work with me to develop a proposal for  
economic recovery. We were guided by the principle that  
everyone who is able to work ought to work; that our economic  
strength is based on a healthy, productive private business  
sector; that we must provide the greatest help to those with  
the greatest need; and that there must be a predictable and  
steady growth in our economy.

Two days ago I presented this plan to the Congress. It is  
a balanced plan, with many elements, to meet the many causes of  
our economic problems.

One element is reducing taxes. <sup>This year</sup> The one time tax benefits  
~~this year~~ to the average family of four with \$10,000 in income will be  
\$200 -- a 30 percent reduction in ~~[this year's]~~ taxes.

*But* My primary concern is jobs, and these <sup>*one-time*</sup> tax rebates are the only quick effective way to get money into the economy and create those jobs.

At the same time, we are reducing taxes permanently by increasing the standard deduction, which most taxpayers claim. A family of four earning \$10,000 will save \$133 -- about 20 percent -- on <sup>*future income*</sup> ~~next years~~ taxes. This will also be a major step toward tax simplification, allowing 75 percent of all taxpayers to <sup>*use*</sup> ~~take~~ the standard deduction and file a very simple tax return.

We will also provide tax incentives to business firms, to encourage them to fight inflation by expanding output and to hire more of our people who are eager for work. I think it makes more sense for the government to help workers stay on the payroll than to force them onto unemployment benefits or welfare payments.

We have several proposals to help our cities, which have been hit especially hard by nationwide economic problems. Communities where unemployment is worst will be eligible for

additional money through the revenue sharing program. A special program of public service employment will enable those who are now unemployed to contribute to their communities in hospitals, nursing homes, park and recreation programs, and related activities. *PP* A strong public works program will permit the construction of selected projects which are needed most.

These will not be make-work projects. They will be especially valuable in communities where budget cutbacks have reduced municipal services, and will help to prevent local tax increases.

Because unemployment is most severe among special groups of our people -- the young, the disabled, minority groups -- we will focus our training programs on them.

The top priority in our job training programs will go to young veterans of the Vietnam war. Unemployment is much higher among veterans than among others of the same age who did not serve in the military. I hope that putting many thousands of veterans back to work will be one more step toward binding up the



wounds of the war years, and toward helping those who have helped our country in the past.

I realize that very few people will think that this total economic plan is perfect. Many groups would like to see more of one kind of aid, and less of another.

But I am confident that this is the best-balanced plan we can produce for the over-all economic health of the nation.

It will produce steady, balanced, sustainable growth. It does not ignore inflation to solve unemployment -- or vice versa.

It does not ask one group of people to sacrifice solely for the benefit of another. It asks all of us to contribute, participate, and share to get our country on the road back to work again.

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Our confused and wasteful system that took so long to grow will take a long time to change. [~~Government reorganization is a project that will require the full cooperation of the Congress and the public during the next four years -- just to make a good start.~~]

The place to start is at the top -- in the White House.

I am reducing the size of the White House staff by nearly one third, and have asked the members of the Cabinet to do the same at <sup>their</sup> ~~the~~ top staff level. Soon I will put a ceiling on the number of people employed by federal government agencies, so we can bring the growth of government under control.

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This week I will ask the Congress for enabling legislation to let me reorganize the government. The passage of this legislation, which will give me the same authority extended to every president from Franklin Roosevelt to Richard Nixon and used by many governors across the country, is crucial to a successful reorganization effort. [~~Then, with the close consultation and cooperation of the Congress, we can begin the difficult process of reorganization.~~]

The Office of Management and Budget is now working on this plan, which will include zero-based budgeting, removal of unnecessary government regulations, sunset laws to cancel programs that have outlived their purpose, and elimination of overlap and duplication among government <sup>SERVICES</sup> functions.

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UNCLASSIFIED BY 60320/UCYD/DAVE/POH  
DATE 10/17/2003

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My advisors have already started working with Congress on a study of a more complete tax reform, which will give us a fairer, simpler system. We will outline the study procedures soon, and, after consultation with many American citizens and with the Congress, we will present a ~~program of~~ comprehensive <sup>package</sup> tax reform, before the end of this year.

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I have asked the people appointed <sup>by me</sup> to high positions in government to abide by strict rules of financial disclosure, and to avoid conflicts of interest.

I intend to make those rules permanent, and will select my appointees in a way which will <sup>also</sup> close the revolving door between government regulatory agencies and the businesses they regulate.

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We are also planning with some of the radio networks <sup>IN THE OVAL OFFICE</sup> live call-in sessions during which I can accept your phone calls and answer the questions that are on your mind. I have asked the members of the Cabinet to travel regularly around the country to stay in close touch with you out in communities where government services are delivered.

There are many other areas of domestic policy -- housing, health, crime, education, agriculture, and others that ~~will~~ concern me as President but which I do not have time to discuss tonight.

All of these projects will take careful study and close cooperation with the Congress. Many will take longer than I would like. But we are determined to work on all of them. Later I will explain how, with your help and the help of the Congress, we can carry them out.

I have also made commitments about our Nation's foreign policy. As Commander In Chief I am determined to have a strong, lean, efficient fighting force. <sup>HP</sup> Our policy should be based on close cooperation with our allies and worldwide respect for human rights, <sup>a reduction in world armaments,</sup> and it must always reflect our own moral values. I want our Nation's actions to make you proud.

Yesterday, Vice President Mondale returned from his ten-day visit with leaders of Western Europe and Japan. I asked him to make this trip to demonstrate our intention to consult our traditional allies on all important questions. I have been pleased by his report. He will be a constant and close advisor for me.



In a spirit of international friendship we will soon welcome here the leaders of several nations, beginning with our neighbors, Canada and Mexico.

This month the Secretary of State, Cyrus Vance, will go to the Middle East, seeking ways to achieve a genuine peace between Israel and its Arab neighbors.

Our Ambassador to the United Nations, Andrew Young, left <sup>LAST NIGHT</sup> yesterday on a visit to Africa to demonstrate our friendship for its peoples, and our commitment to peaceful change towards majority rule in southern Africa.

I will also strive to improve our relations with the Soviet Union and the Peoples' Republic of China, ensuring our security while seeking to reduce the risks of conflict.

We will continue to express our concern about violations of human rights, as we have during the <sup>PAST</sup> last week, without upsetting our efforts toward friendly relations with other countries. Later, I will make a more complete report to you on foreign policy matters.



I would like to tell you now about one of the things I have already learned in my brief time in office. I have learned that there are many things that a President cannot do.

There is no energy policy we can develop that would do more good than voluntary conservation.

There is no economic policy that will do as much as shared faith in hard work, efficiency, and the future of our system.

I know that both the Congress and the administration, as partners in leadership, have limited powers.

But in the months in which I have campaigned, prepared to take office, and now served as your President, I have found a reason for optimism.

With the help of my predecessor, we have come through a very difficult period in our Nation's history. But for almost ten years we have not had a sense of a common national interest.

We have lost faith in joint efforts and mutual sacrifices. Because of the divisions in our country many of us cannot remember a time when we really felt united.

But I remember another difficult time in our Nation's history when we felt a different spirit.

During World War II, we faced a terrible crisis -- but the challenge of fighting Nazism drew us together.

Those of us old enough to remember know that they were dark and frightening times -- but many of our memories are of people ready to help each other for the common good.

I believe we are ready for that same spirit again -- to plan ahead, work together, and use common sense. Not because of war, but because we realize that we must act together to solve our problems, and because we are ready to trust one another.

As President, I will not be able to provide everything that every one of you might like. I am sure to make mistakes.

But I can promise you that ~~[you will never have the feeling~~  
that] your needs <sup>will never be</sup> ~~are being ignored,~~ <sup>nor will we forget</sup> ~~or that we have forgotten~~  
who put us in office.

We will always be a Nation of differences -- business  
and labor, blacks and whites, men and women, people of different  
regions and religions and different ethnic backgrounds -- but  
with faith and confidence in each other our differences can  
be a source of personal fullness and national strength, rather  
than a cause of weakness and division.

If we are a united nation, then I can be a good President.

But I will need your help to do it. I will do my best. I know  
you will do yours.

Thank you and good night.

# # #

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THE WHITE HOUSE  
WASHINGTON

February 3, 1977

FOR: RICK HUTCHESON  
FROM: RICK NEUSTADT

This is a copy of the script  
that was on the teleprompter  
for the Fireside Chat last  
night. I thought you might  
like to have it.

Attachment

TRUDY -  
FILE  
2/2/77

DRAFT

JFallows 2/2/77

*This was the script on the  
teleprompter. Newt*

FIRESIDE CHAT

Good evening.

Tomorrow will be two weeks since I became President.

I've spent a lot of time deciding how I can be a good President. This talk, which the broadcast networks have agreed to bring to you, is one of several steps I will take to keep in close touch with the people of our country, and to let you know informally about our plans for the coming months.

When I was running for President, I made a number of commitments.

I take them very seriously. I believe they were the reason I was elected.

I want you to know that I intend to carry them out.

As you probably <sup>noticed</sup> ~~know~~, I have already acted on several of my promises.

I will report to you from time to time about our government -- both our problems and our achievements, but tonight I want to Some of my other tell you how I plan to carry out the rest of my commitments.

Some of our obvious goals can be achieved very quickly -- for example, through Executive Orders and other decisions made directly by me. But in many other areas we must move carefully, with full involvement by the Congress, allowing time for citizens to participate in careful study, in order to develop predictable, long range programs that we are sure we can afford and that we know will work.

Some of these efforts will also require dedication -- But perhaps even some sacrifice -- from you. I don't believe that any of us are afraid to learn that our national goals require cooperation and mutual effort.

One of our most urgent projects is to develop a national energy policy.

As I pointed out during the campaign, the United States is the only major industrial country without a comprehensive long range energy policy.

The extremely cold weather this winter has dangerously depleted our supplies of natural gas and fuel oil and forced hundreds of thousands of workers off the job. I congratulate the Congress for its quick action on the Emergency Natural Gas Act which was passed today and signed this evening.

But the real problem -- our failure to plan for the future or to take energy conservation seriously -- started long before this winter and will take much longer to solve. I realize that many of you have not believed that we really have an energy problem. But this winter has made us all realize that we have to act.

Congress has already made many of the preparations for energy legislation. Presidential assistant Dr. James Schlesinger is beginning to direct an effort to develop a national energy

policy. Many groups of Americans will be involved. On April 20, we will have completed the planning for our energy program and will then ask the Congress for its help in enacting comprehensive responsible legislation.

Our program will emphasize conservation. The amount of energy now being wasted which could be saved is greater than the total energy we are importing from foreign countries. We will also stress development of our rich coal reserves in an environmentally-sound way; emphasize research on solar energy and other renewable energy sources; and maintain strict safeguards on necessary atomic energy production.

The responsibility for setting energy policy is now split among more than fifty different agencies, departments, and bureaus. Later this month, I will ask the Congress for its many of help in combining these agencies in a new energy Department to bring order out of this chaos. Congressional leaders have already been working on this for quite a while.



We must face the fact that the energy shortage is permanent. There is no way we can solve it quickly.

But if we all cooperate and make modest sacrifices, if we learn to live thriftily and remember the importance of helping our neighbors, then we can find ways to adjust, and to make our society more efficient and our lives more enjoyable and productive. Utility companies must promote conservation and not consumption. Oil and natural gas companies must be honest with the people about their reserves and profits. We will find out the difference between real shortages and artificial ones. We will ask private companies to sacrifice, just as private citizens must do.

All of us must learn to waste less energy. Simply by keeping our thermostats at 65 degrees in the daytime and 55 degrees at night we could save half the current shortage of natural gas.

There is no way that I, or anyone else in the government, can solve our energy problems if you are not willing to help.

I know we can meet this energy challenge if the burden is borne fairly among all our people -- and if we realize that in order to solve our energy problems we need not sacrifice the quality of our lives.

The Congress has made great progress toward responsible strip-mining legislation, so that we can produce more energy without unnecessary destruction of our land. My administration will support these efforts this year. We will also ask Congress for its help with legislation which will reduce the risk of future oil-tanker spills and help deal with those that do occur.

I also stated during my campaign that our administration would do everything possible to restore a healthy American economy.

Our Nation was built on the principle of work, not welfare -- productivity, not stagnation.

But I took office in the middle of the worst economic slowdown of the last forty years.

More than seven and a half million people who want work (can't) cannot find it. Because of high unemployment and idle factories the average American family has been losing \$1800 a year in income, and many billions have been added to the federal deficit.

Also, <sup>of course</sup> inflation hurts us all. In every part of the country, whether we have a job or are looking for one, we must race just to keep up with the constant rise in prices.

Inflation has hit us hardest not in luxuries but in the essentials -- food, energy, health, and housing. You see it every time you go shopping. I understand that unemployment and inflation are very real, and have done great harm to many American families.

*provide*

Nothing makes it harder to achieve decent health,  
housing, and education for our people, protect our environment,  
or realize our goal of a balanced budget, than a stagnant economy.

As soon as I was elected, the leaders of the Congress and  
my own advisors began to work with me to develop a proposal for  
economic recovery. We were guided by the principle that  
everyone who is able to work ought to work; that our economic  
strength is based on a healthy, productive private business  
sector; that we must provide the greatest help to those with  
the greatest need; and that there must be a predictable and  
steady growth in our economy.

Two days ago I presented this plan to the Congress. It is  
a balanced plan, with many elements, to meet the many causes of  
our economic problems.

*This year*

One element is reducing taxes. The one time tax benefits  
to the average family of four with \$10,000 in income will be  
\$200 -- a 30 percent reduction in ~~this year's~~ taxes.

one  
My primary concern is jobs, and these tax rebates are the only quick effective way to get money into the economy and create those jobs.

At the same time, we are reducing taxes permanently by increasing the standard deduction, which most taxpayers claim.

A family of four earning \$10,000 will save \$133 -- about 20 percent -- on <sup>future income</sup> ~~next year's~~ taxes. This will also be a major step toward tax simplification, allowing 75 percent of all taxpayers <sup>use</sup> to take the standard deduction and file a very simple tax return.

We will also provide tax incentives to business firms, to encourage them to fight inflation by expanding output and to hire more of our people who are eager for work. I think it makes more sense for the government to help workers stay on the payroll than to force them onto unemployment benefits or welfare payments.

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young veterans of the Vietnam war. Unemployment is much higher  
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wounds of the war years, and toward helping those who have helped our country in the past.

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The place to start is at the top -- in the White House.

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that those that are written are in plain English. Whenever a regulation is issued, it will carry its author's name. I will also request the Cabinet members to read all regulations personally before they are released.

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As President, I will not be able to provide everything that every one of you might like. I am sure to make mistakes.

But I can promise you that you ~~will never have the feeling~~  
*will never be* *nor will we forget*  
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with faith and confidence in each other our differences can  
be a source of personal fullness and national strength, rather  
than a cause of weakness and division.

If we are a united nation, then I can be a good President.

But I will need your help to do it. I will do my best. I know  
you will do yours.

Thank you and good night.

|| || ||

THE WHITE HOUSE  
WASHINGTON

February 2, 1977

Jack Watson

The attached was returned in  
the President's outbox. It is  
forwarded to you for appropriate  
handling.

Rick Hutcheson

cc: Susan Clough

*Cabinet Minutes*

Box 5

F

THE WHITE HOUSE  
WASHINGTON

2-2-77

To Jack Watson

I want Cabinet  
minutes no later than  
noon the next day.

J. C.

ELECTRONIC REPRODUCTION MADE FOR  
PRESERVATION PURPOSES